

## **RECOMMENDED SCHEME OF WORK FOR THE TWO YEAR COURSE OF 'A' LEVEL ECONOMICS (S.5 – S.6).**

### **SENIOR FIVE TERM I**

#### **1. Basics and Price Theory.**

- Brief discussion on what Economics is about.
- Examination of various definitions
- The three fundamental economic problems: scarcity, choice and opportunity cost.
- The nature of economics i.e. micro and macro economics, normative and positive economics.
- Definition and explanation of economic goods, free goods, superior, inferior, and Giffen goods.
- The concepts of economics systems, such as capitalist, socialist, mixed, and subsistence etc.
- Determination of market price in a perfectly competitive market.
- Demand and supply schedules / curves (individual and aggregate), abnormal cases, factors influencing demand or / and supply of a consumer commodity, changes in demand and supply relationships.
- Elasticities of demand and supply and their applications.
- Practical applications of the concept of elasticity of demand to various elements in the market.
- Income elasticity price elasticity, cross elasticity of demand.
- The price mechanism and its short comings in allocation of resources.
- Fluctuations of prices especially in agricultural products – causes and solution.
- Price controls / stabilization schemes by government to remove the weakness of price mechanism.
- The negative consequences of such schemes.
- The application of price theory to pricing of factors of production (elementary treatment).

- Concepts of utility-total utility, marginal utility and relationship with the demand curves.
- Consumer equilibrium through marginal utility approach and indifference curves- substitution, price and income effects of price change (elementary treatment).
- General consideration of terminologies under price theory.

## SENIOR FIVE-TERM II

### 2. Production

- Purpose and meaning of production in economics.
- Production as a process of creating wealth.
- Factors of production- the entrepreneur, land, labour and capital
- The relative importance of each factor in the process of production.
- The mobility of factors of production – occupational and geographical.
- The necessity of mobility and barriers to each type of mobility, and advantages of mobility.
- Development of specialization and exchange as a result of division of labour.
- Transformation curves and their various behaviors.
- Subsistence Vs production for market.
- Forms of business organizations.
- Costs, product and revenue concepts in the production process and their diagrammatical behavior under different market conditions.
- Sources of business finance.
- Elementary theory of the firm.
- Definition of a firm as a production unit.
- Factors influencing the long-term decisions of the firms' demand for a factor of production.
- Input-Output relationship of the firm – the simple production function.
- Returns to scale.

- The law of diminishing returns-or law of variable proportions.  
Economies and diseconomies of scale in production-internal & external.
- Survival of small firms.
- Short run and long run cost curves of a firm.
- Market structures and their characteristics.
- Maximization of profits of the firm under the following market structures.
- Perfect competition, Monopolistic competition, monopoly, Oligopolistic competition.
- Advantages of each of the market structure.
- The relationship between a firm and industry, e.g. the distinction between their supply curves.
- Industrial merging of firms.
- Private enterprise versus public enterprise particularly with regard to developing economics.
- The concept of rent in rewarding factors of production.

### 3. NATIONAL INCOME

- Difference between micro economies and macro economies.
- Show that national income deals with macro / aggregates
- Definitions of various concepts of national income including the idea of circular flow, GNP, GDP, Disposable Y etc.
- Income, expenditure and output approaches to the measurement of the National Income.

### SENIOR FIVE TERM III

#### **Determinants of National income, uses of National Income, problem of measuring of National Income**

- Problems of comparison overtime between countries.

- Per capital national income and income distribution. The relationship between National income and welfare.
- The distribution of income and wealth.
- Arguments for and against uneven distribution of income / wealth.
- Cost of living and standard of living concepts.
- Measurement of cost of living –indices.
- Problems of calculating cost of living indices.
- Concepts of Accelerator and multiplier principles.
- The equilibrium levels of national income and full employment concept.
- Investment levels and determinants.

#### **4. Structure of the Economy of your Country.**

- Pattern of ownership of the business firms.
- The concept of dualism in the economy.
- The structure of Agriculture and its relative importance.
- Economic consequences of this structure and need to change it.
- Subsistence and Monetary sectors.
- The basic characteristics of the industries and their distribution.
- The role of the Government in the economy.
- The present structure of imports and exports and their economic implications.
- Economic dependence and its application to your country.
- The informal sector-its contributions, undesirable aspects and possible measures to reduce it.

#### **5. Development and Underdevelopment**

- Distinction between development and growth.
- The meaning and characteristics and underdevelopment as a distinct from developed economies.
- Development objectives in your country as expressed in policy statements and documents.

- The factors determining the objective of development, i.e political, social, and economic.
- Elementary treatment of some theories of economic growth i.e. Balanced and Unbalanced growth and the theory of ‘Big Push’ and its limitations in developing economies.

## SENIOR SIX TERM I

### **Development Process and the choice of a development strategy**

- Agriculture versus Industrial development strategies.
- Labour versus capital intensive strategies.
- The role of intermediate technology and small scale industries
- The need for foreign aid as a source of development finance and its disadvantages.
- The utilization of natural resources and capital.
- The importance of basic economic institutions, e.g. development banks, co-operatives, etc.
- The relationship between development strategy, goals of development and resource endowment.
- The role of education in the economic development process.
- Small scale Vs large scale industries.

### **7 a). Development of agriculture**

- Bottlenecks in agricultural development, e.g. lending policy of bank, export import enclave versus hinterland, labour forces, and education policies.
- Problems encountered in agricultural planning causing frequent failure.
- Co-operative: their policy, need to change tenure systems.
- Small-scale versus large promotion.
- Kind of technology to be used.
- Modernization of Agriculture.

### **b). Industrial development.**

- Strategies: Source of raw materials, supply of labour.
- Capital versus labour intensive
- Scale: Domestic and foreign
- Export promotion or import substitution?
- Regional equality versus comparative advantage in industrial location and development.

**c). Foreign aid-reasons and problems**

**8. Population and Labour**

- Population theories and their relevancies.
- Population of Uganda – size structure and trend.
- Meaning of over population and under population.
- The economic consequences of an increasing, declining and ageing population.
- Problems in economic development associated with population.
- Structure of the labour force and determinant rates.
- Theories explaining how labour supply and wage / salary structure may be determined in your country.
- The role and organization of trade Unions in Uganda.

**9. The unemployment problem.**

- Types of unemployment: (a) Cyclical, structural: (b) Seasonal, Frictional, casual, underemployment/ etc.
- Keynesian Theory-based on Aggregate monetary demand (AM).
- Simple treatment of the theory.
- Modification required for application to developing economies.
- The basic problems of unemployment.

**SENIOR SIXTERM II**

**10. Inflation.**

- Meaning of inflation, causes and different types of inflation in Uganda.

- Inflation in developing countries
- Inflation as a positive economic policy.
- Consequences of inflation.
- Measures to counter inflation both monetary & fiscal plus other indirect measures.

**11. The role of international Trade in Development.**

- Gains from trade and specialization.
- The principle of comparative advantages and limitations.
- Trade restriction, quotas, tariffs & other non-tariff barriers.
- The danger of over population and problems involved in trade restriction.
- The share of developing countries in international trade.
- Forms of economic integration.
- Gains from regional integration and why economic integration may fail.
- Distribution of gains and methods of equalizing gains.
- (Stress should on theory with examples drawn from any regional grouping).
- Need for the New International Economic order (NTEO).

**12. Money and Banking.**

- Money and its functions.
- Types and evolution of money.
- Demand for and supply of money and the price level.
- The value of money
- Price indices and their construction.
- Difficulties in construction and using price indices.
- Commercial banks-their functions: credit creation and limitations to credit creation.
- Commercial banking system and its principles.
- The development commercial banking in Uganda and the role of commercial banks in economic development.
- Nationalization of commercial banks.
- Central banking in Uganda-its development, problems and achievements.

- The operation of monetary policy.
- Bank rate, open market, operations, special deposits.
- Other financial institutions.
- Insurance companies, Co-operative Banks, hire purchase firms, building societies.
- Credit Association E. Africa Development Bank.
- (Not more than three institutions to be studied).

### **SENIOR SIX TERM III**

#### **13. Development Planning**

- The need for development planning with particular reference to developing countries.
- The different forms of economic planning.
- The nature and principles of partial and comprehensive planning, and policy and hierarchy of planning in the candidate's own country.
- Problems in formulation and implementing development plans in developing countries.
- Current development planning in Uganda (Candidates are expected to have a general idea of their country's current development plan).

#### **14. Public Finance and Fiscal Policy.**

- Characteristics of a good tax system.
- Public debt.
- The principles of public borrowing and debt management, planned surpluses and deficits.
- Debt financing versus taxation financing.
- Taxation, Expenditure, and borrowing as instruments of economic control.
- The budget as an instrument of economic control.
- The budget as an instrument of economic and social policy.



- The role of public finance in development.
- The structure of taxation and expenditure in Uganda.
- Different types and forms taxes in Uganda.

**15. Parastatal Organisations.**

- The role and justification for Parastatal organizations.
- Major types of parastatal organizations in Uganda (production, marketing, financial etc.) and their achievements.
- The need for privatizations of such parastatal organizations in Uganda & the possible effects.

**RECOMMENDED BOOKS FOR REFERENCE**

- |                      |  |
|----------------------|--|
| 1. HL Hanson         | A text book of Economics   |
| 2. I. Livingston     | Economics for Eastern Africa.                                    |
| 3. G.R. Bradley      | Economic for East Africa   |
| 4. C.F. Stanlake     | Introductory Economics   |
| 5. A.E. Obone        | Economics and its principles & Practice in<br>developing Africa. |
| 6. J.E. Ddumba       | Economics  |
| 7. S.M.E. Lugumba    | Economics  |
| 8. Johnson N. Mugrwa | Economics coverage   |

- |                      |                                  |
|----------------------|----------------------------------|
| 9. M.P. Todaro       | Economic for a developing world  |
| 10. F.R. Banugire    | Elementary Economics             |
| 11. B.M. Tayebwa     | Basic Economics.                 |
| 12. Baumel & Bhinder | Economics, Principles and policy |
| 13. Saleemi N.A      | Economics Simplified.            |

© *MPAATA ALI*